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NEW FRAMEWORK FOR JOB CREATION: CIRCULAR ECONOMY ACTIVITIES

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Abstract:

In the time of competitiveness, circular economy is a way to change economic growth pattern and achieve the balance among economy, resources and environments. World trends show that circular economy is an excellent way to create jobs and thus increase economic growth. This implies employment in the retail of second hand goods sector, employment in repair activities by employment in the repair of machinery and equipment sectors and the repair of electronic and household products sector. This paper argues that employment in circular economic activities creates opportunities for economic growth and a visible increase in the level of employment. Of course, this also depends from the policy and strategy of any government. Taking into account what economic activities encompass the circular economy, it simply represents a necessity for every society and its well-being.

Key words:

jobs, employment, circular economy, Europe, growth.

1. Introduction

In the time of competitiveness, circular economy could be a solution for jobs creation through its activities. For example, many analyses show that Europe has skill mismatch. As a result there are worse labour market performance. As a reference is taken Non Accelerating Inflation Rate of Unemployment or NAIRU. This means that if unemployment is above NAIRU, than there is positive prospect that the sector help speed the adjustment towards it through creating

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additional jobs. Short term job creation may offer significant benefits for a substantial period of time and in the long run, a growing sector can permanently create more jobs is if it can lower the NAIRU itself.

The term successful economy means prosper in the industry. This is the reason to think that companies should be prepared for volatility which is characteristic for emerging markets, especially the year - 2016. According this, 2015 ended with the beginning of a tightening monetary policy of US (Frankel, 2015). 2015 and 2016 are specific for regulatory tightening (Evenett and Fritz, 2015). For example, EU forces insurer to bolster their solvency, while Europe and US will report on banking stress tests. The part where regulators are using their powers is environmental protection—particularly following the climate change deal (Jackson, 2009). In energy sector there is a range of measures, enabling companies to raise their energy efficiency.

Without a doubt, the financial crisis of 2008 left the consequences for the employment rate and the difficult circumstances to create jobs.

2. Overview of labour market activity in Europe

Analyzes for 2018 show that the unemployment rate in Europe is 10%, or 25 million people are unemployed. If you make a comparison, we will find that job creation is most difficult across Europe because of the financial crisis that hit all countries of this continent. An exception to all of this is Germany, where the unemployment rate is even below the level of unemployment in 2008. More specifically, Germany is a country that employs work force from all over Europe and all created jobs can be filled.

According to Eurostat, Figure 1 and Table 1 show countries across Europe and their percentage of unemployment. From the figure 2 could be seen that the highest unemployment rates are in Greece (26%) and the countries with the lowest unemployment rates are Germany (5%), Austria (6%), Malta (6%), the Czech Republic (6%), and the United Kingdom (6%).

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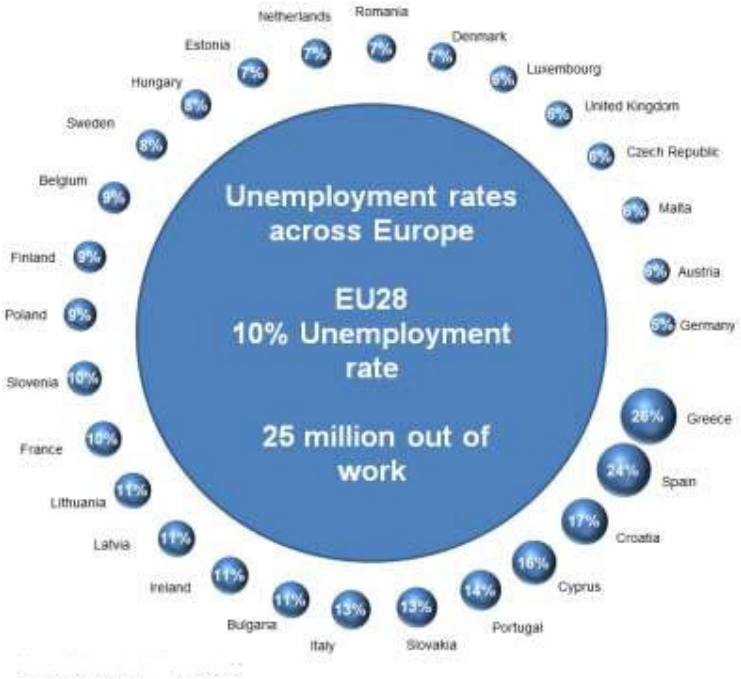
Figure 1. Dispersion of unemployment rates across Europe



Source:Eurostat

Table 1. Dispersion of labour market activity employment and unemployment by European nation, 2014

Country	Economically active		Employment		Unemployment		Economically	
	000s		000s					
Austria	4,357	76.8	4,113	72.5	245	6%	1,318	23.2
Belgium	4,967	68.4	4,544	62.5	423	9%	2,299	31.6
Bulgaria	3,366	70.2	2,981	62.2	385	11%	1,430	29.8
Croatia	1,893	67	1,566	55.4	327	17%	933	33
Cyprus	435	75.7	365	63.5	70	16%	140	24.3
Czech Republic	5,298	74.8	4,974	70.2	324	6%	1,783	25.2
Denmark	2,906	80.1	2,714	74.8	192	7%	720	19.9
Estonia	675	78.3	625	72.5	50	7%	187	21.7
Finland	2,680	77.2	2,447	70.5	232	9%	792	22.8
France	28,784	72.4	25,769	64.8	3,015	10%	10,954	27.6

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Germany	41,969	79.6	39,879	75.6	2,090	5%	10,769	20.4
Greece	4,809	68.3	3,536	50.2	1,273	26%	2,231	31.7
Hungary	4,444	67.5	4,101	62.2	343	8%	2,144	32.5
Ireland	2,157	71.7	1,914	63.6	243	11%	850	28.3
Italy	25,515	65.2	22,279	56.9	3,236	13%	13,646	34.8
Latvia	992	76.6	885	68.3	108	11%	303	23.4
Lithuania	1,477	75.3	1,319	67.3	158	11%	484	24.7
Luxembourg	261	71.7	246	67.4	16	6%	103	28.3
Malta	192	67.5	181	63.7	11	6%	93	32.5
Netherlands	8,978	81.8	8,318	75.8	660	7%	2,003	18.2
Poland	17,428	68.9	15,862	62.7	1,567	9%	7,850	31.1
Portugal	5,226	76.9	4,500	66.2	726	14%	1,569	23.1
Romania	9,242	68.3	8,614	63.7	629	7%	4,285	31.7
Slovakia	2,722	70.6	2,363	61.3	359	13%	1,131	29.4
Slovenia	1,015	72.6	917	65.6	98	10%	382	27.4
Spain	22,955	74.6	17,344	56.4	5,611	24%	7,795	25.4
Sweden	5,183	84.4	4,772	77.7	411	8%	958	15.6
United Kingdom	32,637	79.5	30,642	74.6	1,996	6%	8,436	20.5
EU28	242,562	73.9	217,768	66.4	24,794	10%	85,587	26.1

Source: Eurostat Labour Force Survey

3. Perspectives for circular economy activities in Europe

In recent years, we are increasingly witnessing the meaning of the term circular economy. World trends show that circular economy is an excellent way to create jobs and thus increase economic growth. This implies employment in the retail of second hand goods sector, employment in repair activities by employment in the repair of machinery and equipment sectors and the repair of electronic and household products sector, closed & open loop recycling activity is proxied by employment in the wholesale of waste and scrap sectors and the waste and recycling sector, and for circular economy activity relating to servitisation jobs are proxied by employment in the rental & leasing sectors (EMF, 2015).

According WRAP, circular economy successfully create jobs in businesses that operate in sectors with a high propensity towards circular economy activities, namely the repair, reuse, remanufacturing, recycling and rental & leasing sectors (Table 2).

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Table 2. Mapping employment in circular economy activities to official data

Circular economy activity	Sector proxies in official
Closed and open loop recycling – processes that create new products from waste without changing the inherent properties of the material. For example recovering PET from bottles for use in other PET applications. Open loop recycling – also referred to as downcycling, is where recovered materials	Wholesale of waste & scrap Waste & recycling
Aggregate	
Repair/remanufacturing - where products need repair or reconditioning before going back into use remanufacturing preserves most value.	Repair of machinery & equipment Repair of electronics &
Reuse - examples included are electrical & electronic goods and textiles. These products are worth more than the raw materials they are made up from. A re-used iPhone retains around 48 per cent of its original value compared to just 0.24 per cent of its original value as recyclate.	In-store retail of second hand goods
Servitisation – examples are systems and business models that make more effective use of assets including include leasing of products and provision of products as services thereby deferring consumption of new assets. Many examples are B2B (business to business) such as Xerox and Ricoh leasing photocopiers and printers, Interface's carpet business or Philips 'pay per Lux' but there are B2C (business to consumer) and C2C (customer to customer) examples such as Airbnb or Streetcar.	Renting & leasing activities

Source: WRAP/GA (2015a)

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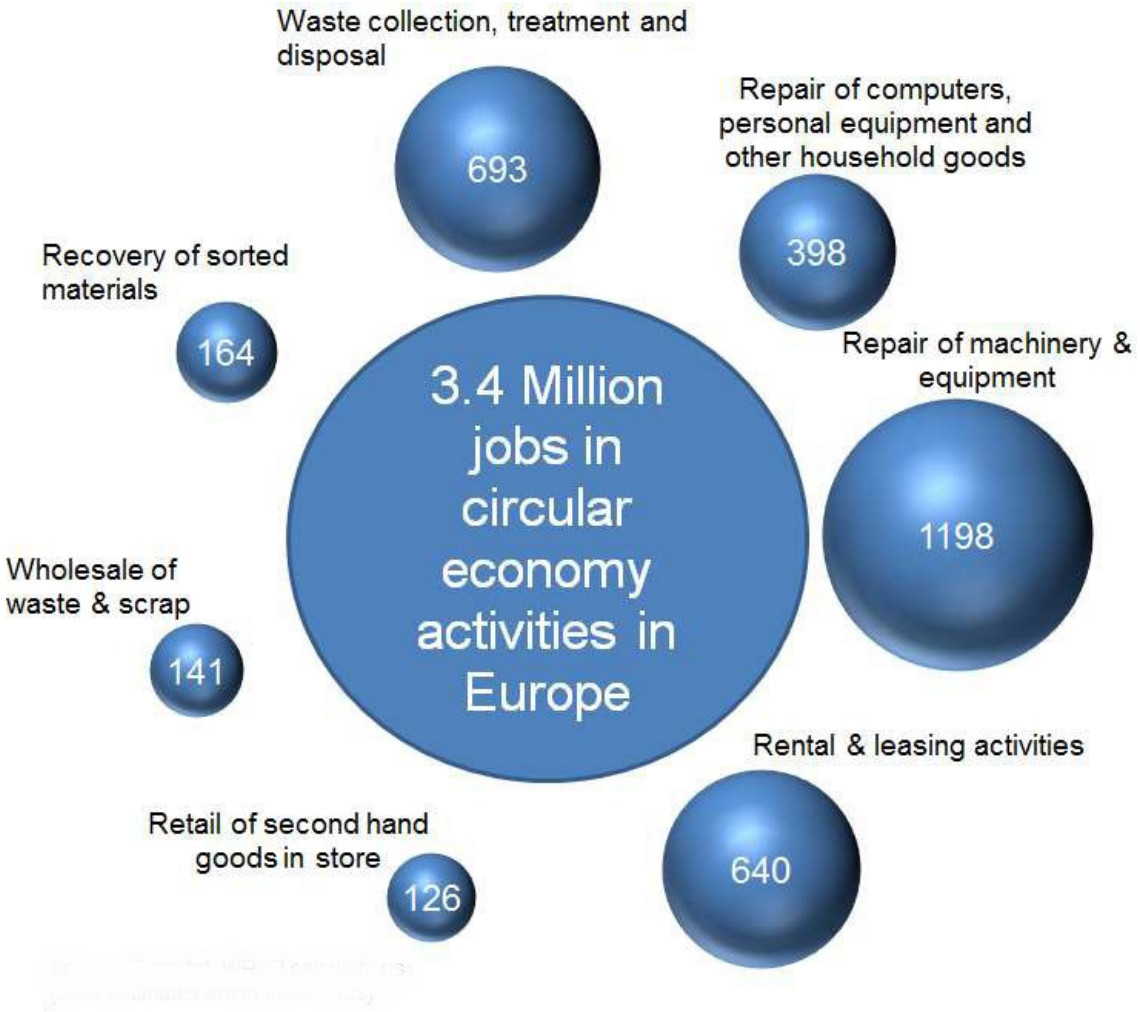
Eurostat and WRAP calculate the level of average employment in each country in Europe, that is, employments that as economic activities belong to the circular economy (WRAP/GA, 2015a). Figure 2 gives an overview of the created jobs in repair, waste and recycling and rental & leasing activities.

Figure 2. Estimates of current jobs in circular economy activities across Europe



Source:Eurostat;WRAP.

Analyzes show that employment in circular economic activities creates opportunities for economic growth and a visible increase in the level of employment (DEFRA, 2015). Of course, this also depends on the policy and strategy of any government. Taking into account what economic activities encompass the circular economy, it simply represents a necessity for every society and its well-being (Figure 3).

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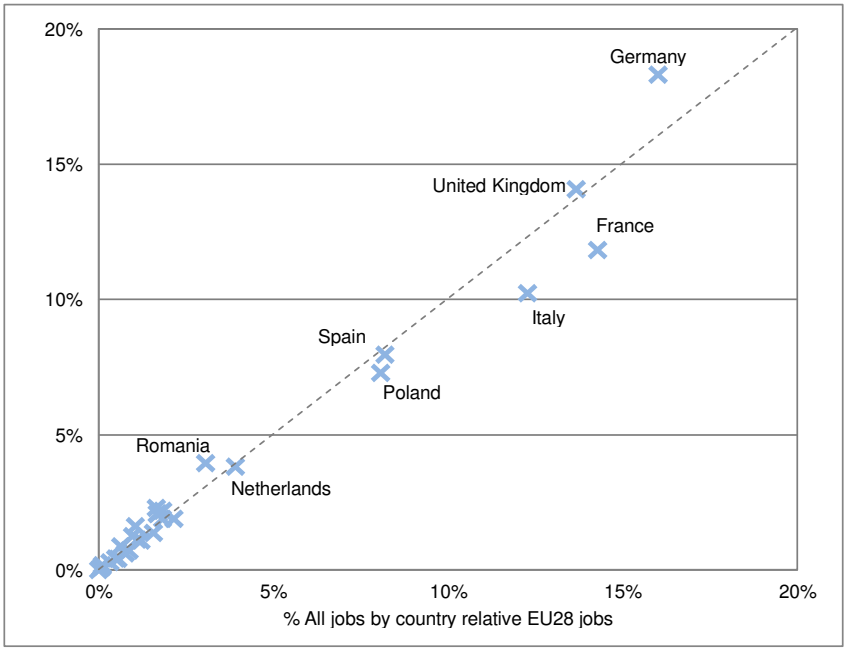
Figure 3. Distribution of jobs in circular economy activities and total jobs by country



Source:Eurostat

Also, Eurostat made a calculation that for waste collection, treatment and disposal activities Bulgaria, Croatia, Czech Republic, Italy & Romania have the highest proportions of employment. Austria, Estonia, Finland, Slovakia, Sweden, Czech Republic, France, Hungary, Lithuania and Spain have the highest proportions of employment in repair activities (repair of machinery & equipment and repair of computers, personal and other household goods). In store retail of second hand goods is proportionately the highest in Estonia, Hungary, Latvia, Lithuania and the United Kingdom. For recovery of sorted materials France, Lithuania, Luxembourg, Romania & Slovenia have comparatively higher proportions of their populations employed while for wholesale of waste and scrap the top 5 countries are Bulgaria, Latvia, Lithuania, Poland and Spain.

Countries for which rental and leasing activities have the highest proportion per 10,000 population are Ireland, Luxembourg, Malta, the Netherlands and the United Kingdom (Eurostat, 2018).

4. Conclusion

A circular economy creates economic value with more labour resources, and deliver economic benefits like job creation and lower structural unemployment.. Higher unemployment regions can benefit from remanufacturing employment. Growth in recycling, re-use, repair activities offer potential for job creation suitable for employees displaced from traditional manufacturing. Analyzes show that employment in circular economic activities creates opportunities for economic growth and a visible increase in the level of employment. Of course, this also depends

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on the policy and strategy of any government. Taking into account what economic activities encompass the circular economy, it simply represents a necessity for every society and its well-being.

In the time of competitiveness, circular economy is a way to change economic growth pattern and achieve the balance among economy, resources and environments. World trends show that circular economy is an excellent way to create jobs and thus increase economic growth. This implies employment in the retail of second hand goods sector, employment in repair activities by employment in the repair of machinery and equipment sectors and the repair of electronic and household products sector. This paper argues that employment in circular economic activities creates opportunities for economic growth and a visible increase in the level of employment. Of course, this also depends from the policy and strategy of any government. Taking into account what economic activities encompass the circular economy, it simply represents a necessity for every society and its well-being. So there's a reasonable chance that a growing circular economy in Europe will offer opportunities for a range of occupations across regions and countries.

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